



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

March 5, 2010

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Second District

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Third District

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To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum provides an update on actions taken by the Legislature as part of the Eighth Extraordinary Legislative Session to address the State's fiscal crisis.

Eighth Extraordinary Legislative Session

When Governor Schwarzenegger introduced his FY 2010-11 Proposed Budget, he declared a fiscal emergency and called the Legislature into the Eighth Extraordinary Special Session to address \$8.9 billion of the \$20.0 billion State Budget shortfall. The Legislature approved an eight-bill package which, according to the California State Association of Counties, addresses approximately \$4.0 billion of the State Budget shortfall. These measures now await final action by the Governor.

The following measures contain items of interest to the County:

ABX8 2 (Assembly Budget Committee) State Mandates and Corrections. This measure adopts most of the Governor's proposed mandate suspensions and deferral of mandate payments for State General Funds savings of \$228.0 million. **The suspension results in a County loss of \$4.0 million and the deferral of \$15.0 million in prior year mandate payments owed to the County in FY 2010-11.** Therefore, based on existing Board policy to oppose proposals that defer SB 90 State Mandate payments, the Sacramento advocates will oppose this provision in ABX8 2.

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This measure also includes the following reductions to State Corrections: 1) \$811.0 million for prisoner health; 2) \$182.0 million due to the deportation of undocumented State prison inmates to their country of origin; and 3) \$41.3 million by lowering the maximum age juveniles are incarcerated in State facilities from 25 to 21 years of age. These provisions do not impact the County.

ABX8 5 (Assembly Budget Committee) Payment Deferrals. This measure adopts the following deferrals of State payments to counties in FY 2010-11:

- Social Services. Defers various payments for social services programs due in July 2010 and March 2011 for 60 days, and payments scheduled in October 2010 for 60 days.
- Proposition 63 – Mental Health Services Act. Defers \$300.0 million due to counties in July 2010 and schedules repayment in May 2011.
- Highway Users Tax Account. Defers \$50.0 million due to counties and cities each month from July 2010 through March 2011. Deferrals would be paid in April 2011.

The amount of all deferred State payments to counties and cities is capped at \$1.0 billion. The Department of Finance, the State Controller's Office and the State Treasurer's Office Deferrals will have some discretion to adjust the deferrals due to hardship. ABX8 5 was signed by the Governor on March 1, 2010, and as an urgency measure it becomes effective immediately. **This office is working with the affected County departments to determine the impact of the deferrals to the County.**

SBX8 4 (Senate Committee on Budget and Fiscal Review) Federal Funding for Foster Care. Adopts the Governor's Budget trailer bill language to expand eligibility for Federal Financial Participation to current State-only foster care cases, subject to Federal approval. If the Federal government agrees to increase financial participation in foster care, the State would need to renegotiate the Title IV-E Waiver to allow Los Angeles County to receive the increased funding. **According to the Department of Children and Family Services, this action will result in an estimated County savings of \$42.4 million annually. Therefore, based on existing Board policy to support increased funding for child welfare programs, the Sacramento advocates will support this provision of SBX8 4.**

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Other measures in the package approved by the Legislature include:

ABX8 1 (Assembly Budget Committee) Public Health. This measure would shift \$3.5 million in Federal funds to the State Office of AIDS.

ABX8 3 (Assembly Budget Committee) Department of Justice. This measure would increase the DNA penalty assessment on criminal offenses to support the State's forensic laboratories.

ABX8 7 (Assembly Budget Committee) Beverage Recycling Program. This measure would accelerate payments by beverage distributors for a one-time revenue increase of \$100 million. The bill would also authorize Handling Fee Payments and require payments to cities and counties that were reduced between January 1, 2010 and June 30, 2010 to be paid retroactively to January 1, 2010.

ABX8 10 (Assembly Budget Committee) General Government. This measure would extend deposits from the tribal gaming assets to the State General Fund from June 30, 2010 to June 30, 2011.

ABX8 11 (Assembly Budget Committee) Transportation. This measure would authorize the California Transportation Commission to enter into agreements with local agencies to allow local funds to be used for stalled Proposition 116, the Clean Air And Transportation Improvement Act of 1990 projects. Funds would be reimbursed when proceeds from the sale of bonds become available.

ABX8 12 (Assembly Budget Committee) Port Security. This measure would extend \$100 million in appropriations for port and maritime security projects available through Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, and would extend the timeframe for the use of funds from June 30, 2009 to June 30, 2013.

We will continue to keep you advised.

WTF:RA
MR:VE:sb

c: All Department Heads
Legislative Strategist